2.6 Activities, markets and position of the Triglav Group⁵

Slovenia

1st rank, 35.5% market share +10% written premium***

Croatia
6% market share

Serbia

5th rank, 6.4% market share* +19% written premium***

Montenegro

1st rank, 38.7% market share +11% written premium***

Bosnia and Herzegovina 6th rank, 7.7% market share** +9% written premium***

- * Q1-3 2019 data
- ** H1 2019 data
- *** The data show the growth of the Triglav Group's gross written premium by an individual market.

North Macedonia 1st rank, 13.8% market share +1% written premium*** The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region as well as one of the leading groups in South-East Europe. The Group operates on seven markets in six countries. Furthermore, it operates in the wider international environment through partnerships with foreign insurance brokerage and agency companies.

Strategic activities

Insurance

Non-life

Life

Pensions

Health

Reinsurance

Asset management

Own insurance portfolio (asset backing liabilities and backing funds)

Mutual funds and individual asset management

Pension funds

2.6.1. The business model of the Triglav Group

Resources used by the Triglav Group to generate value

Financial resources

- Total equity capital: EUR 792 million [→ 9.1.1]
- Financial investments: EUR 2,740 million [→ 9.1.2]
- Insurance technical provisions : EUR 2,879 million $[\rightarrow 9.1.1]$
- Asset management [→ 7.11]
- Gross written premium: EUR 1,184 million [→ 7.5]

Dynamic challenges in the environment:

- Competition
- New client needs
- Technological development
- Financial and macroeconomic factors
- Development of regulatory frameworks
- Environmental change
- Demographic and social changes
- Economic and political factors

Human and intellectual resources

- 5,281 employees in 6 countries of the Adria region $[\rightarrow 12.4.1]$
- 45.5% male and 53.5% female employees in the Triglav Group [→ 12.4.1]
- Extensive own sales network [→ 14.]
- Omni-channel sales approach and expansion of digital channels
- Modern data warehouse
- Full range of insurance-financial products and services
- Triglav Group strategy [→ 4.]
- Strong and reputable brand
- Highly qualified employees

Social resources

- EUR 2.4 million for investments in prevention in the Adria region, 58% of which for traffic safety $[\rightarrow 12.3]$
- EUR 4.5 million for sponsorships in the Adria region, 86% of which for sports $[\rightarrow 12.3]$
- Volunteering of the Group's employees (Let's clean the mountains and hills) $[\rightarrow 12.8]$
- Partnerships in the social environment
- Cooperation with local communities

Natural resources

- Protection of the environment in work processes (electricity, carbon footprint, separate waste collection,
- Raising environmental awareness of the general public

Key strategic guidelines of the **Triglav Group**

Long-term stable and profitable operations and increased value of the **Triglav Group**

> **Client focus** and development of related services

Developing cooperative and agile organisation and culture

Generated value for the Triglav Group's stakeholders

Shareholders/investors

- Growth index of gross written premium: $+11\% [\rightarrow 7.5]$
- Net profit of EUR 83.9 million [→ 8.1]
- Return on equity: 10.9% [→ 8.1]
- Dividend payments for 2018: EUR 56.8 million [→ 6.4]
- Share price growth in 2019: +9.9% [→ 6.1]
- Solvency II ratio: 223% [→ 2.1 Risk Management]
- "A" credit rating with a stable medium-term outlook $[\rightarrow 6.6]$

Clients/policyholders [→ 12.5]

- Client satisfaction and loyalty measurements (NPS)
- 48,000 active users of Triglav DRAJV mobile application
- A stimulative premium policy for young farmers
- Safe driving simulator in Triglav Lab: a practical test for young drivers
- Triglav Asistenca: application for mobile claim reporting and ordering assistance services
- Moj račun: An online mutual funds application
- EUR 717 million in gross claims paid [→ 7.6]

Employees [→ 12.4]

- Organisational vitality and engagement (ORVI): 3.88
- Employee training costs: EUR 2.2 million
- The share of highly engaged employees: 52.6%
- 31 training hours per employee in the Group
- Promoting innovation and improvements
- Additional pension insurance: 59% employees of the Group and 96% of the Company
- Payment of group accident insurance premium
- 63% of employees of the Group and 83% of employees of the Company included in collective insurance Comprehensive medical care (CZO)
- "Family-Friendly Enterprise" certificate (Slovenia)
- 37% of employees of the Company are members of the mountaineering and sports clubs

Social impact $[\rightarrow 12.6]$

- EUR 351,000 for 88 Young Hopes over 7 years
- 100,000 sports fans in more than 30 years taken to Planica
- 1,500 runners participated in Triglav Run 2019, together completing the total distance of 12,500 km
- 20,000 first graders equipped with yellow neckerchiefs
- 1,000 motorcyclists attended workshops on prevention over 6 years
- 12 light signalling systems for preventing collisions on unprotected railway level crossings
- 25 reconstructed and 20 built playgrounds over 8 years
- EUR 17 million of paid income tax [→ 8.1]
- Improved traffic and fire safety and balanced development of local communities

Environmental impact [→ 12.7]

- 94% of employees included in separate waste collection in the Company
- 3% lower electricity consumption and 6% lower carbon footprint in the Company
- 16 electric vehicles in the Company

Insurance is the most extensive strategic activity of the Triglav Group, which includes non-life, life, health and pension insurance as well as reinsurance.

Triglav Group and Zavarovalnica Triglav in 2019

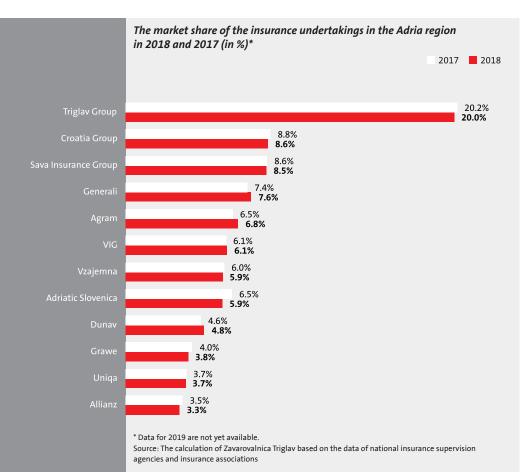
The insurance business of the Group comprises:

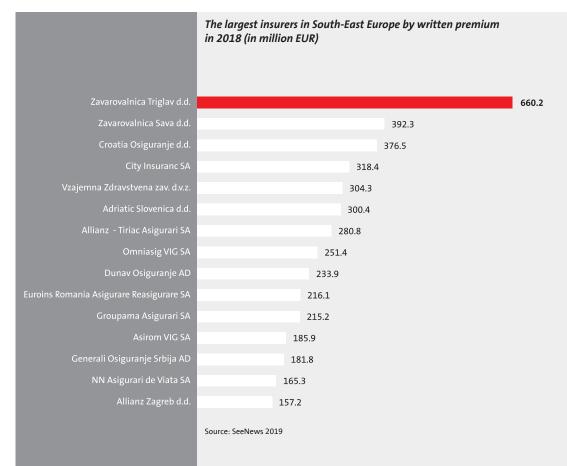
- in Slovenia: Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d., and Triglav, pokojninska družba d.d.,
- abroad: eight insurance undertakings in Croatia, Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia.

Position in the regional insurance market

In 2018, the Triglav Group achieved a 20.0% market share and holds the dominant position among the insurers in the Adria region (Slovenia, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, and North Macedonia).

In 2018, the parent company Zavarovalnica Triglav was again the leading insurer in South-East Europe (Albania, Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Moldova, Romania, North Macedonia, Serbia and Slovenia). According to a SeeNews survey, 7 insurance subsidiaries of the Triglav Group and 14 Slovene insurers rank among the top 100 insurers in South-East Europe in terms of gross written premium. The top three insurers maintained their place for the third consecutive year, while at the same time all three achieved growth in both written premium and profit. Zavarovalnica Triglav recorded the highest profit in 2018 among all 100 insurers.





2.6.3. Asset management

The asset management activity in the Triglav Group is performed by the Group's life insurance and pension companies, Triglav Skladi d.o.o., Triglav, Upravljanje nepremičnin d.d. and Trigal d.o.o., which includes saving via the Group's insurance services and investing in the Group's mutual and pension funds.

Triglav Group and Zavarovalnica Triglav in 2019

2.6.4. Structure of the Triglav Group

As at 31 December 2019, the Triglav Group consisted of 38 companies: in addition to the parent company, 31 subsidiaries and 6 associates.

The Triglav Group members directly involved in or supporting the Group's core business lines

The Inglav Group members uncerty involved in or supporting the Group's core business innes			
	Insurance	Asset Management	Other
Slovenia	 Zavarovalnica Triglav d.d. Pozavarovalnica Triglav Re d.d. Triglav, Zdravstvena zavarovalnica d.d. Triglav, pokojninska družba d.d. 	 Triglav Skladi d.o.o. Triglav, Upravljanje nepremičnin d.d. Trigal d.o.o. 	 Triglav INT d.d. Triglav Svetovanje d.o.o. Triglav Avtoservis d.o.o. Triglavko,d.o.o.
Croatia	■ Triglav Osiguranje d.d., Zagreb		■ Triglav Savjetovanje d.o.o.
Serbia	■ Triglav Osiguranje a.d.o., Belgrade		■ Triglav Savetovanje d.o.o.
Montenegro	 Lovćen Osiguranje a.d., Podgorica Lovćen životna osiguranja a.d., Podgorica 		Lovćen Auto d.o.o.
Bosnia and Herzegovina	 Triglav Osiguranje d.d., Sarajevo Triglav Osiguranje a.d., Banja Luka 	 PROF-IN d.o.o. Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka 	Triglav Savjetovanje d.o.o.Autocentar BH d.o.o.
North Macedonia	 Triglav Osiguruvanje a.d., Skopje Triglav Osiguruvanje Život a.d., Skopje 	■ Triglav penzisko društvo a.d., Skopje	

Changes in the structure of the Triglav Group in 2019⁶

- Triglav INT d.d. acquired a 0.1% participating interest in Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders, thereby increasing its interest in said company to 80.45%. The consideration totalled MAK 888,940 or EUR 14,428.
- On 27 March 2019, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, by paying in EUR 3,000,000.
- In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. By increasing the capital through in-cash contributions of HRK 2,100,000 or EUR 284,000 in cash, the two companies retained their participating interests of 51% and 49% respectively.
- On 19 September 2019, Triglav Auto d.o.o., Banja Luka was liquidated. The liquidation did not affect the consolidated financial statements of the Triglav Group.

- Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,400,000, thus remaining its 100% owner.
- On 29 March 2019, Hotel Grad Podvin d.o.o. established two companies: HGP Grad, investicije d.o.o. and HGP Rest, investicije d.o.o, which are both wholly owned by Hotel Grad Podvin d.o.o.
- On 8 August 2019, Zavarovalnica Triglav and Sava Re d.d. entered into an agreement, under which Zavarovalnica Triglav has the option to acquire a 40% interest in the share capital of Diagnostični center Bled d.o.o., representing 50% of the voting rights. The aim of Zavarovalnica Triglav, together with Sava Re, is to acquire control of said company through ZTSR d.o.o., which is jointly owned by them. The investment is part of the regular activities, by which the Company pursues the financial investment management policy of the Triglav Group, and will not have a significant impact on the structure of its financial investment portfolio. Before the transaction is executed, certain conditions precedent have to be fulfilled.
- In December 2019, Skupna pokojninska družba was renamed Triglav, pokojninska družba d.d.

With cash contributions of EUR 1,094,670, Zavarovalnica Triglav increased the capital of its associate Trigal d.o.o., thereby maintaining its 49.9% participating interest.

Triglav Skladi d.o.o. and Triglav, Upravljanje ne-

premičnin d.d. sold their interests of 11.72% and

10.37% respectively in ZIF Prof Plus d.d.

- On 24 April 2019, Triglav Skladi d.o.o. became a 100% owner of ALTA Skladi, družba za upravljanje. On 19 December 2019, the merger was entered in the Companies Register. See [

 Section 2.10 of the Accounting Report] for further details.
- In Q3 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Belgrade increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade through in-cash contributions in accordance with their proportional stakes. By increasing the capital in the amount of RSD 2,500,000 or EUR 21,000, the two companies retained their participating interests of 51% and 49% respectively.
- Unis automobili i dijelovi d.o.o. was merged with Autocentar BH d.o.o. The merger did not affect the consolidated financial statements of the Triglav Group.

- On 5 February 2019, Trigal d.o.o. and TRIGAL AIF SICAV RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, the two companies are no longer treated as associates of the Triglav Group.
- TRI-LIFE d.o.o., Zagreb was renamed Triglav Savjetovanje d.o.o., Zagreb.
- In accordance with its strategic guidelines, Triglav, Upravljanje nepremičnin d.d. sold its 80.73% participating interest in Golf Arboretum d.o.o.
- Trigal d.o.o. and three other partners established ALFI PD d.o.o. on 3 September 2019. With the payment of EUR 40.000 thousand, Trigal became a 40% owner of said company.

Zavarovalnica Triglav d.d

Triglav Group and Zavarovalnica Triglav in 2019

